

Exhibit D

Delegate Louderback's proposed changes to the individual income tax have a negative fiscal impact of approximately \$469.1 million on annual basis and his proposed changes to the retail sales and use tax (i.e., a 4% sales and use tax on all transactions) have a positive fiscal impact of approximately \$1.6 billion. Delegate Louderback proposes reconciling these changes by repealing or eliminating other taxes as follows:

<u>Tax Source</u>	<u>Annual Revenues (in millions)</u>
Make up for the annual revenue estimated to be loss from the individual income tax restructuring proposal	\$469.1
Eliminate all sales taxes on food	400.0
Eliminate the BPOL tax and merchants' capital taxes	<u>445.6</u>
Total	\$1,314.7
Remainder	\$ 285.3

The remaining \$285.3 million could be used to repeal or eliminate in whole or in part the following:

Eliminate the machinery and tools tax	\$ 183.7
Repeal accelerated sales tax payments by vendors (this would be a one-time revenue impact and not an annual event)	155.0
Eliminate estate tax	133.2

Finally, Delegate Louderback proposes that if the total of Virginia's individual income tax and sales and use tax revenues for the fiscal year ending June 30, 2005, or the fiscal year ending June 30, 2006, is more than \$1,130,900,000 (\$1.6 billion minus 469.1 million) greater than such revenues as currently estimated for the fiscal year, such amounts in excess of \$1,130,900,000 shall be made available for tax relief or reductions in tax rates.